

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI

**DEFENDANT'S MEMORANDUM IN OPPOSITION
TO SHOW CAUSE AND VIOLATION REPORT**

EXHIBIT 3

From: SCV.K
To: courtney_pierce@mow.uscourts.gov
Subject: RE: Car credit
Date: Tuesday, July 17, 2012 10:06:13 PM
Attachments: Federal EIN Number.pdf
Reg-1.jpg
Reg-2.jpg

Hi Courtney,

Here's the info you requested:

- 1) Corporation filings (BF Labs Inc.): Scan attached (2 pages).
- 2) Federal tax registration: Scan attached.
- 3) Clarification on the export control legality for our technology: After consulting with the Commerce department in Washington, DC, we received confirmation that our processors are classified as Cat-5 Part-2 "5A992" (authentication hardware) and as of 2009 we are not required to have an export control license or undergo examination because our class of technology is exempt under authority of paragraph (b)(1) of the US Bureau of Industry and Security License Exception ENC.

English translation: Basically, what this means is that there's an allowance for encryption products that don't actually encrypt or decrypt... but who's function is only to verify the integrity of things that have already been encrypted. As such, they don't have the potential to be used in a threatening way and aren't subject to regulation. Here's more reading on the subject if you're interested:
http://www.bis.doc.gov/encryption/enc_faqs.htm

- 4) Missouri state business license: We're currently working with local law firm Polsinelli Shughart to resolve this issue. They are the guys who did US Sprint's local filings and are doing a full re-structuring of our company to make sure we're in full compliance. Unfortunately, it's not yet done. I'll forward the filings when they're complete.
- 5) Taxes: You didn't ask, but I'm proud to tell you that we've already sent a \$100,000 check to the IRS as a first payment towards withholding for earnings taxes. Employee taxes are being paid as well.

Regards,
Sonny

> Subject: Re: Car credit
> To: sonofodi@hotmail.com
> From: Courtney_Pierce@mow.uscourts.gov
> Date: Mon, 16 Jul 2012 14:55:25 -0500
>
> Mr. Vleisides,
>
> I meant to send you this sooner, I told you that I would email a list of
> documents that the probation office needs regarding your business.
>
> The Kansas City business license, corporation papers and a copy of the
> law/regulation from the Department of Commerce we talked about.
>
> That's what I have in my notes.
>
>
> From: Sonny V <sonofodi@hotmail.com>

> Date: 05/21/2012 06:32 PM
> Subject: Sonny here
>
>
>
> Hi Courtney,
>
> I've consulted with a securities lawyer here in town and under their
> advisement we're going to limit the private placement offering to personal
> contacts. The timeline is as follows.... we're making initial
> deliveries of our server product (photo attached) at the end of this month.
> We'll follow this event with our private placement offering. The purpose
> of this investment is to fund the next generation processor chip which I
> firmly believe will vault us into the mainstream as a chip manufacturer.
>
> Christy seems to have calmed down. She's letting me see Indy a bit more.
> She's not even being hostile. I don't know what made the change, but I'll
> kindly take it without questioning as long as I can see my son. I hope the
> judge re-balances things... it's unsettling going through my week without
> seeing my son on a regular basis.
>
> Here's a shot of Indy from my last visit with him to sea life at Crown
> Center.
>
> I'm at the office all day every day if you want to stop by. 2507
> Jefferson.
>
> Regards,
> Sonny
>
>
> [attachment "Mini_Rig_Breakout_View.png" deleted by Courtney
> Pierce/MOWD/08/USCOURTS] [attachment "Indy-Sea-Life.png" deleted by
> Courtney Pierce/MOWD/08/USCOURTS]
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